

Message Text

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43

ACTION EB-11

INFO OCT-01 NEA-10 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-10 NSAE-00 RSC-01 FAA-00 FEA-02 INT-08

SS-20 TRSE-00 DRC-01 /073 W
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R 091630Z APR 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 780

LIMITED OFFICIAL USE NEW DELHI 4787

FOL REPEATED FOR YOUR INFO

QTE

H R 090420Z APR 74

FM AMCONSUL BOMBAY

TO RUSBAE/AMEMBASSY NEW DELHI PRIORITY 8950

INFO RUSBTA/AMCONSUL CALCUTTA 1662

RUSBAS/AMCONSUL MADRAS 1701

C O N F I D E N T I A L

LIMITED OFFICIAL USE BOMBAY 0810

E.O. 11652: N/A

TAGS: ETRN IN

SUBJ: CIVAIR - JET FUEL COSTS

1. GINDREAU HAS PASSED TO US COPY LETTER OF MARCH 20 FROM
DIR GEN IATA HAMMARSKJOLD TO MIN PETROLEUM BAROOAH WHICH
QUOTED HEREAFTER:

"MY ATTENTION HAS BEEN DRAWN TO YOUR COMMUNICATION
IS 28012/3/74-PPD DATED 1 MARCH 1974 FROM YOUR MINISTRY TO
OIL SUPPLY COMPANIES IN INDIA CONCERNING INCREASES IN THE BASIC
SELLING PRICES OF AVIATION FUEL TO THE INTERNATIONAL AIRLINES
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OPERATING IN INDIA.

I UNDERSTAND THAT THE PRICE OF FUEL FROM 2 MARCH 1974 WAS INCREASED BY RS 633.42 PER KILOLITRE, ALL OF WHICH IS TO BE BORNE BY THE AIRLINES. IN ADDITION, THERE WILL BE A CONSEQUENTIAL INCREASE ARISING FROM THE 30 PERCENT AD VALOREM SALES TAX AT BOMBAY. THE RESULT WILL BE A PRICE TO THE AIRLINES OF ALMOST US \$1 PER US GALLON. IN OTHER COUNTRIES THERE HAVE BEEN SUBSTANTIAL INCREASES, RESULTING IN AVERAGE PRICES OF THE ORDER OF US \$0.40 PER US GALLON.

FUEL PRICE INCREASES REPORTED BY IATA MEMBER AIRLINES ON A WORLD-WIDE BASIS HAVE ALREADY LED TO INCREASES IN FARES AND RATES AND IF NOT ARRESTED ON SOME REASONABLE AND RATIONAL BASIS, PROMISE TO THREATEN THE DEVELOPMENT OF INTERNATIONAL AIR TRANSPORT AND THE AVAILABILITY TO THE PUBLIC OF INDIVIDUAL AND MASS TRAVEL AT A PRICE I BELIEVE THEY WILL STILL BE ABLE TO AFFORD. IT IS THEREFORE IMPERATIVE FOR ALL GOVERNMENTS TO CONTROL FUEL PRICES RELATED TO THE REAL COST OF PRODUCTION.

I BELIEVE THAT PERMITTING THE INDISCRIMINATE INCREASE OF FUEL PRICES IS INCOMPATIBLE WITH THE OBLIGATIONS OF GOVERNMENTS UNDER THEIR BILATERAL AIR TRANSPORT AGREEMENTS WHICH NEARLY ALL PROVIDE THAT THERE SHALL BE A FAIR AND EQUAL OPPORTUNITY FOR THE CARRIERS OF THE TWO NATIONS TO OPERATE ON ANY ROUTE BETWEEN THEIR RESPECTIVE TERRITORIES COVERED BY THE AGREEMENT AND ITS ANNEX.

IN VIEW OF THE PECULIAR CIRCUMSTANCES PREVAILING IN INDIA WITH REGARD TO THE SUPPLY AND CONTROL OF AVIATION FUEL PRICES, IT WOULD APPEAR THAT THE AIRLINES SHOULD BE GIVEN RELEVANT INFORMATION WHEN CHANGES IN THE BASIC CEILING SELLING PRICE ARE CONTEMPLATED. I THEREFORE SUGGEST THAT IT MIGHT BE APPROPRIATE FOR YOU TO RECEIVE A SMALL IATA DELEGATION TO DISCUSS THE VARIOUS PROBLEMS IN DEPTH, AND I WILL GLADLY ARRANGE FOR SOME EXPERTS IN THE BUSINESS TO BE AVAILABLE AT YOUR CONVENIENCE.

I WOULD BE GRATEFUL FOR YOUR COMMENTS."
BANE UNQTE SCHNEIDER

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Message Attributes

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